

HARNDEN COMMERCIAL BROKERS

2019 GREATER PORTLAND OUTLOOK

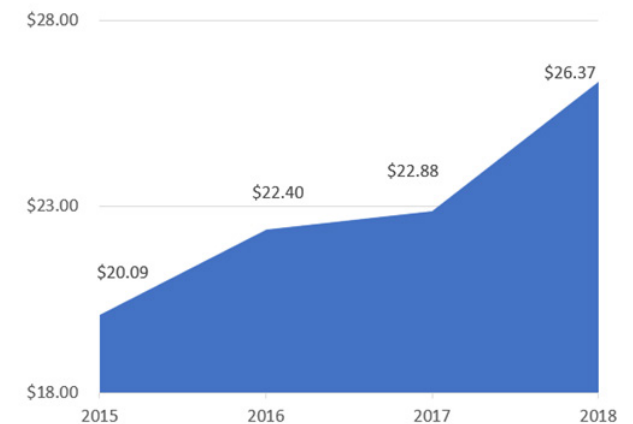
2018 OFFICE MARKET OVERVIEW

Overall vacancy for Suburban and Downtown Portland decreased from 6.4% Mid Year to 5.35% Year End 2018, with a total positive absorption of 109,844 SF. Vacancy was down in each submarket since Mid Year 2018 (Class A & B Downtown and Class A & B Suburban). The Class A downtown market had the lowest vacancy at 2.2%, which is down two percentage points compared to Year End 2017. These consistently low vacancy rates have increased average asking rents for Downtown Class A space to \$26.37/SF MG, 12.02% above the 5 year average and Class A Suburban asking rents to \$20.59/SF MG or 12.27% above the 5 year average. The Class B Downtown and suburban markets are experiencing increases of 19.43% and 12.61%, respectively over 5 year averages. This upward pressure on rents and the consistently low vacancy rates are part of the reason for the new construction downturn.

2018 NOTABLE TRANSACTIONS

- **477 Congress Street, Portland** (Class B Office Building) - The iconic Time & Temperature building sold for \$9.3 Million and the new ownership is evaluating next steps.
- **75 Washington Avenue, Portland** (Class B Office Building) - 30,000 SF of shadow space will be coming available within the next year with Goodwill relocating approximately 15,000 SF to its new office/warehouse facility in Gorham and vacating the balance once they find new office space in the suburbs.
- **Stone Coast Fund Services** leased 42,271 SF at One Canal Plaza, Portland & 32,176 SF at 2 Portland Square, Portland (Class A Office Buildings).
- **AMEC Foster Wheeler** renewed 41,718 SF at 511 Congress Street, Portland (Class A Office Building).
- **Intermed, P.A.** expanded 23,323 SF at 50 Foden Road, South Portland (Class B Office Building).
- **Morgan Stanley** renewed 22,151 SF at One Canal Plaza, Portland (Class A Office Building).
- **Guideline Technologies** leased 10,564 SF at 16 Middle Street, Portland (Class A Office Building).

Downtown Class A Rental Rates



↑
Class A
Downtown rents
up \$6.28/SF MG
since 2015

RENTAL RATES

Rental rates have continued to increase in Downtown Portland Class A, as companies have grown and continue to absorb space over the past several years.

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2019 OFFICE MARKET OUTLOOK

Demand for large amounts of Class A space Downtown has created the opportunity for developers to land quality National credit Tenants on the Eastern Waterfront. These Tenants, though National, have had a significant presence in the Greater Portland area for many years. This is very positive organic growth and will help attract other quality businesses to Greater Portland. Vets First Choice will be occupying 160,000 SF at 12 Mountfort Street in June 2020, 100 Fore Street - 80,000 SF of office/retail space will be ready for occupancy in Q1 2020, 80,000 SF is under LOI. Portland Foreside is marketing to Tenants for 90,000 SF of office/retail space. Approximately 30,000 SF is under LOI, with an expected occupancy date of 2022.

WEX is relocating its headquarters from South Portland into Hancock Street on the Portland Waterfront, a 100,000 SF four-story mixed-use building. WEX is expected to occupy the space by February 2019. The Suburban Class A vacancy will increase significantly by 2019 with large vacancies coming to the market totaling around 418,000 SF; WEX will be vacating 225 Gorham Road - 72,000 SF coming available spring/summer 2019, Unum is improving space utilization and freeing up 2211 Congress Street - 292,000 SF coming available June 2019, Bottomline Technologies is relocating to 75 John Roberts Road from 65 Gannett - 30,000 SF available Spring 2019, Potential national company downsizing, would make available additional 24,000 SF June 2019.

With 418,000 SF of Class A Office vacancy coming to the Suburban market by 2019, it will bring many new options to the previously tight submarket and therefore a downward pressure on rents, especially for larger blocks of space. There are two future mixed-use projects coming to the suburban market in the next few years. They are planning to include a total of approximately 800,000 SF of Office Space combined (Rock Row, Westbrook and Scarborough Downs, Scarborough).



EAST END, PORTLAND - NEW CONSTRUCTION

Above, rendering of the Vets First Choice new headquarters. Expected occupancy June 2020 - 160,000 SF at 12 Mountfort Street.

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RECENT HARNDEN COMMERCIAL TRANSACTIONS

TENANT	PROPERTY	CITY	HCB REPRESENTED	LEASED SF
Bottomline Technologies	75 John Roberts Road	South Portland	Tenant	13,218
Aware Recovery Care	500 Southborough Drive	South Portland	Landlord	4,301
Network for Regional Healthcare	500 Southborough Drive	South Portland	Landlord	4,592
Sun Life Financial	6 Ashley Drive	Scarborough	Tenant	38,390
United Healthcare	300 Southborough Drive	South Portland	Tenant	22,278
AMEC Foster Wheeler	511 Congress Street	Portland	Tenant	41,715
Fairpoint Communications	5 Davis Farm Road	Portland	Tenant	80,683
EG Foden Company (Buyer - Sale)	35 Foden Road	South Portland	Seller	39,200

GREATER PORTLAND OFFICE: Q4 2018 SUMMARY

	Mid Year 2018					Year End 2018							
	Rentable Sq. Ft. (RSF)	Available Sq. Ft.	Direct Vacancy Rate	Sublease Space	Overall Vacancy Rate	Rentable Sq. Ft. (RSF)	Available Sq. Ft.	Direct Vacancy Rate	Sublease Space	Overall Vacancy Rate	Absorption Sq. Ft.	Absorption % of RSF	Weighted Average
DOWNTOWN													MG
Class A	1,784,896	67,220	3.77%	4,719	4.03%	1,784,896	34,430	1.93%	5,390	2.23%	32,790	1.84%	\$26.37
Class B	2,959,701	266,811	9.01%	13,844	9.48%	2,959,701	237,699	8.03%	11,662	8.43%	29,112	0.98%	\$18.44
Sub-Total	4,744,597	334,031	7.04%	18,563	7.43%	4,744,597	272,129	5.74%	17,052	6.09%	61,902	1.30%	\$19.44
SUBURBAN													
Class A	2,541,478	115,833	4.56%	-	4.56%	2,541,478	93,197	3.67%	-	3.67%	22,636	0.89%	\$20.59
Class B	2,899,638	185,562	6.40%	-	6.40%	2,899,638	160,256	5.53%	1,868	5.59%	25,306	0.87%	\$17.23
Sub-Total	5,441,116	301,395	5.54%	-	5.54%	5,441,116	253,453	4.66%	1,868	4.69%	47,942	0.88%	\$18.46
TOTAL	10,185,713	635,426	6.24%	18,563	6.42%	10,185,713	525,582	5.16%	18,920	5.35%	109,844	1.08%	\$18.97